

Financial Instruments for Mitigating Late Payment: A Systematic Literature Review of Factoring and Reverse Factoring

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Introdução

Some firms do not make payments to their suppliers within the terms agreed between the parties. Such delay has a negative impact on the profitability of supplier companies. An eventual late payment (LP) can affect the liquidity and profit of the firms, leading to a higher probability of bankruptcy and lower economic growth. The LP problem can be mitigated via supply chain finance (SCF) with the use of financial instruments (FIs), such as factoring and reverse factoring (RF).

Problema de Pesquisa e Objetivo

The objective of this study is to carry out a bibliometric analysis and systematic review of the literature on factoring and RF, considering both FIs to mitigate payment delays. The final sample is composed of 16 articles obtained from January 1st., 2006 to June, 24th., 2023 from the Web of Science database. The bibliometric analysis methodology uses specialized software. Furthermore, the verification of the main bibliometric laws is also adopted. In turn, the systematic review is carried out performing a frequency count of the subcategories of a (sub)categorization matrix.

Fundamentação Teórica

Three related lines of investigation were identified in the literature. In the first, the authors analyzed payment discipline and its impact in terms of profitability, risk of insolvency and indebtedness. The second is about the role of factoring as a financial tool for companies to increase their liquidity. The third refers to the study of RF as a determinant of improving the operational performance of companies. The two main theories identified in this study are agency theory and economic transaction costs.

Discussão

The literature indicates that there is a relationship between factoring/RF and LP. Authors state that the use of factoring and RF allows companies to increase their working capital, profitability and efficiency. Thus, the improvement of the financial and operational performance facilitates their payments on time and mitigates their delays. The answer of the remaining research questions was provided by the bibliometric analysis, while the systematic review identified the main knowledge gaps, pointing out an agenda for future research.

Conclusão

The results show that - despite the interest shown by Chinese authors - most of the research is carried out by European authors in Netherlands, Germany and Spain. Moreover, the majority of the papers was written in collaboration with authors from other countries. Besides, the study points to a future research agenda that includes: the analysis of the impact of factoring/RF on firm's LP, the combination of qualitative and quantitative methods, the use of macroeconomic control variables, investigation of Latin American and other emerging country firms and extension of the data analysis period.

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